



# U.S.-PANAMA TRADE PROMOTION AGREEMENT

## Arkansas Farmers Will Benefit

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The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Arkansas' agricultural products, including poultry, soybean products, and cotton. Arkansas's agricultural exports to all countries, estimated at \$2.8 billion in 2010, supported about 23,500 jobs, on and off the farm. These export sales make an important contribution to the Arkansas farm economy, which had total cash receipts of \$7.7 billion in 2010.

### Poultry and Eggs

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically deboned chicken, within 5 years for wings, and within 10 years for other chicken cuts except leg quarters.
- For chicken leg quarters, Panama will provide immediate duty-free access within a preferential tariff-rate quota (TRQ) that starts at 660 metric tons and grows 10 percent annually. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama's World Trade Organization (WTO) commitments.
- Panama will immediately eliminate its 15-percent duties on turkey meat for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures, recognizing the equivalence of the U.S. meat inspection system and thereby allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.

### Rice

- Panama will provide immediate duty-free access within TRQs for 12,190 tons of U.S. rice, including 7,950 tons of rough rice and 4,240 tons of milled rice. The TRQs will increase 6 percent annually. The 90-percent over-quota tariffs will be eliminated in 20 years.
- U.S. rice exporters will continue to have access to the global 9,711-ton TRQ for rice that is part of Panama's WTO commitments.
- Panama has also committed to increase the size of the preferential TRQs when it has a short supply situation, as has occurred in recent years.

### Soybeans and Products

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

## Cotton

- Panama's current zero-tariff treatment for cotton will be locked in place immediately upon implementation of the agreement.
- Under the Panama TPA, the United States will phase-out the WTO over-quota tariff on cotton over 15 years, with no cuts during the first five years, and will continue to provide zero-duty treatment that Panama currently receives under the Caribbean Basin Initiative (CBI) on the in-quota tariff.

<b>Arkansas</b>		
<b>Principal Agricultural Products and Exports, 2010</b>		
<b>Product</b>	<b>Cash Receipts</b> (2010 calendar year)	<b>Exports</b> (2010 fiscal year)
<b>Total</b>	<b>\$7.7 billion</b>	<b>\$2.8 billion</b>
Poultry and Egg Products	\$3.5 billion	\$433 million
Rice	\$1.2 billion	\$1.2 billion
Soybeans and Soybean Products	\$1.2 billion	\$731 million
Cotton (exports include Linters)	\$426 million	\$303 million
	Source: USDA-NASS	Source: USDA-ERS

*For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or [LPA@fas.usda.gov](mailto:LPA@fas.usda.gov).*